Teacher Lesson Plan

Time Frame
One to two class periods

Curriculum Area(s)
- Technology
- Civics/Government
- Family and Consumer Sciences
- History/Social Studies
- Economics

Purpose
To help students understand refunds, amounts due, and record keeping requirements

Objectives
Students will be able to
- define a refund and explain how refunds are received.
- define an amount due and explain how payments are made.

Materials
Online

Student Lesson—Refund, Amount Due, and Record Keeping
Tax Tutorial—Refund, Amount Due, and Record Keeping
Simulation 12—Completing a Tax Return Using Form 1040A to Claim a Dependent
Assessment—Refund, Amount Due, and Record Keeping
Assessment Solutions—Refund, Amount Due, and Record Keeping

Print (PDF)

Fact Sheet—Refund, Amount Due, and Record Keeping
Teacher Lesson Plan—Refund, Amount Due, and Record Keeping

Tax Forms

Form 1040, *U.S. Individual Income Tax Return*
Form 1040EZ, *Income Tax Return for Single and Joint Filers With No Dependents*

Background

Taxpayers receive a refund when their total tax payments are greater than the total tax. Refunds are received from the government. Taxpayers receive refunds from the government as checks or as direct deposits to the taxpayers' accounts at financial institutions. Taxpayers must pay an amount due to the government when the total tax is greater than their total tax payments. Payments can be made by check, money order, credit card, or direct debit (for electronic filers only). Taxpayers need to keep good records in order to prepare their tax returns and support all items on their tax returns.

Key Terms

amount due—Money that taxpayers must pay to the government when the total tax is greater than their total tax payments.
refund—Money owed to taxpayers when their total tax payments are greater than the total tax. Refunds are received from the government.

Opening the Lesson

Hand out Fact Sheet—Refund, Amount Due, and Record Keeping. Using the following questions, prompt students to share their knowledge about refunds, amounts due, and record keeping:

- What do you know about tax refunds and tax payments? **Some students may know that when the refund check arrives, the family can make a big purchase, like a television. Other students may share stories about late night drives to the post office on April 15th to mail the tax return and check. Other students may refer to news reports about the traffic jam at the post office on April 15th.**

- Why is it important for taxpayers to keep good records? **Taxpayers need to be able to prove the sources of income as well as the expenses and deductions reported on their tax returns. Also, taxpayers who have good records can complete their tax returns quickly and accurately.**

  Then, explain that this lesson covers refunds, amounts due, and record keeping requirements.

Note: For students who may want to work independently on this module, refer them to Student Lesson—Refund, Amount Due, and Record Keeping.

Developing the Lesson

Direct students to Tax Tutorial—Refund, Amount Due, and Record Keeping, and explain that this tax tutorial focuses on refunds, amounts due, and record keeping. Tell students that they will learn the difference between a refund and an amount due. They also will learn the various ways to receive refunds and make payments. Students will learn about the importance of good record keeping. Inform students that they will have an opportunity to integrate all of the previous tax tutorials by completing two comprehensive tax returns.

Online Activity

Direct students to Simulation 12—Completing a Tax Return Using Form 1040A to Claim a Dependent. Explain to students that they will use the documents and information to complete the tax return for Jacob Hastings, a married man with one child.

Concluding the Lesson

After the students have completed Tax Tutorial—Refund, Amount Due, and Record Keeping and Simulation 12—Completing a Tax Return Using Form 1040A to Claim a Dependent, ask them whether they have any questions about refunds, amounts due, or record keeping. To ensure that they understand the material, ask the following questions:

- When will a taxpayer have a refund? **A taxpayer has a refund when total tax payments are greater than the total tax.**
- What are two ways to pay an amount due? **Taxpayers can pay the amount due by check or money order, by credit card, or by direct debit for electronic filers.**

Assessment

As a final review, summarize the major lesson points. Remind students that taxpayers receive refunds from the government and pay the amount due to the government. Refunds and payments can be made using checks, but electronic processing may be faster, less expensive, more secure, and more convenient. Emphasize that taxpayers need to keep good records to support all items reported on the tax return. When students are comfortable with the material, have them complete Assessment—Refund, Amount Due, and Record Keeping.

Assessment

Module 12: Refund, Amount Due, and Record Keeping

Part 1

Answer the following multiple-choice and true/false questions by clicking on the correct answers. To assess your answers, click the *Check My Answers* button at the bottom of the page.

1) Taxpayers maintain good records to

A. identify sources of income.

B. track expenses.

C. prepare tax returns.

D. All of the above *Correct*

2) Which option is available for a taxpayer receiving a refund?

A. Direct deposit in the taxpayer's account at a financial institution *Correct*

B. Direct debit from the taxpayer's account at a financial institution

C. Credit card using a service provider

D. Money order

3) A tax refund can be received by direct deposit to a taxpayer's account in a financial institution.

A. True *Correct*

B. False

4) A tax payment can be made by check.

A. True *Correct*

B. False

5) All taxpayers can make tax payments using a direct debit from an account at a financial institution.

A. True

B. False *Correct*

6) A convenience fee is charged for credit card payments made through a service provider.

A. True *Correct*

B. False

Part 2

Review Form 1040 for Loren Wright, a single taxpayer with one qualifying child, by clicking the button *View Form 1040*. Then, answer the following questions by typing your answers in the space provided or by clicking on the correct answers. To assess your answers, click the *Check My Answers* button at the bottom of the page.

1) What is the total tax?

$106

2) How much federal income tax was withheld from Loren's wages?

$400

3) Did Loren claim the earned income credit?

Yes

4) Does Loren have a refund or an amount due?

Refund

5) Loren made entries on lines 74b, 74c, and 74d because she wanted her refund deposited directly.

A. True *Correct*

B. False

Form **1040** Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return 2007

(99) IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2007, or other tax year beginning , 2007, ending , 20

OMB No. 1545-0074

Label
(See instructions on page 16.)

Use the IRS label. Otherwise, please print or type.

LABEL HERE

Your first name and initial: **Loren**	Last name: **Wright**	**Your social security number:** 222 00 4561
If a joint return, spouse's first name and initial	Last name	**Spouse's social security number**
Home address (number and street). If you have a P.O. box, see page 16.: **123 Bell Street**	Apt. no.	▲ You **must** enter your SSN(s) above. ▲
City, town or post office, state, and ZIP code. If you have a foreign address, see page 16.: **Anytown, US 10103**		Checking a box below will not change your tax or refund.

Presidential Election Campaign ▶ Check here if you, or your spouse if filing jointly, want $3 to go to this fund (see page 16) ▶ ☐ You ☐ Spouse

Filing Status
Check only one box.

1 ☐ Single
2 ☐ Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶
4 ☑ Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 ☐ Qualifying widow(er) with dependent child (see page 17)

Exemptions

6a ☑ **Yourself.** If someone can claim you as a dependent, **do not** check box 6a
b ☐ **Spouse**

Boxes checked on 6a and 6b: 1

c **Dependents:**

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see page 19)
Wendy Wright	222 00 9876	daughter	☐
			☐
			☐
			☐

If more than four dependents, see page 19.

No. of children on 6c who:
- lived with you: 1
- did not live with you due to divorce or separation (see page 20)

Dependents on 6c not entered above

d Total number of exemptions claimed — Add numbers on lines above ▶ 2

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see page 23.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	15200 00
8a	**Taxable** interest. Attach Schedule B if required	8a	
b	**Tax-exempt** interest. **Do not** include on line 8a	8b	
9a	Ordinary dividends. Attach Schedule B if required	9a	
b	Qualified dividends (see page 23)	9b	
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 24)	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐	13	
14	Other gains or (losses). Attach Form 4797	14	
15a	IRA distributions 15a ; b Taxable amount (see page 25)	15b	
16a	Pensions and annuities 16a ; b Taxable amount (see page 26)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits 20a ; b Taxable amount (see page 27)	20b	
21	Other income. List type and amount (see page 29)	21	
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ▶	22	15200 00

Adjusted Gross Income

23	Educator expenses (see page XX)	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25	Health savings account deduction. Attach Form 8889	25	
26	Moving expenses. Attach Form 3903	26	
27	One-half of self-employment tax. Attach Schedule SE	27	
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction (see page 29)	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN ▶	31a	
32	IRA deduction (see page 31)	32	
33	Student loan interest deduction (see page 33)	33	
34	Tuition and fees deduction. Attach Form 8917	34	
35	Domestic production activities deduction. Attach Form 8903	35	
36	Add lines 23 through 31a and 32 through 35	36	
37	Subtract line 36 from line 22. This is your **adjusted gross income** ▶	37	15200 00

Tax and Credits

Standard Deduction for—

- People who checked any box on line 39a or 39b **or** who can be claimed as a dependent, see page 34.
- All others:

Single or Married filing separately, $5,350

Married filing jointly or Qualifying widow(er), $10,700

Head of household, $7,850

38	Amount from line 37 (adjusted gross income)			38	15200 00
39a	Check if: ☐ **You** were born before January 2, 1943, ☐ Blind. ☐ **Spouse** was born before January 2, 1943, ☐ Blind. **Total boxes checked ▶ 39a**				
b	If your spouse itemizes on a separate return or you were a dual-status alien, see page 34 and check here ▶39b ☐				
40	**Itemized deductions** (from Schedule A) **or** your **standard deduction** (see left margin)			40	7850 00
41	Subtract line 40 from line 38			41	7350 00
42	If line 38 is $117,300 or less, multiply $3,400 by the total number of exemptions claimed on line 6d. If line 38 is over $117,300, see the worksheet on page XX			42	6800 00
43	**Taxable income.** Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-			43	550 00
44	**Tax** (see page 36). Check if any tax is from: **a** ☐ Form(s) 8814 **b** ☐ Form 4972 **c** ☐ Form(s) 8889			44	54 00
45	**Alternative minimum tax** (see page 39). Attach Form 6251			45	
46	Add lines 44 and 45 ▶			46	54 00
47	Credit for child and dependent care expenses. Attach Form 2441	47			
48	Credit for the elderly or the disabled. Attach Schedule R	48			
49	Education credits. Attach Form 8863	49			
50	Residential energy credits. Attach Form 5695	50			
51	Foreign tax credit. Attach Form 1116 if required	51			
52	Child tax credit (see page XX). Attach Form 8901 if required	52			
53	Retirement savings contributions credit. Attach Form 8880	53			
54	Credits from: **a** ☐ Form 8396 **b** ☐ Form 8859 **c** ☐ Form 8839	54			
55	Other credits: **a** ☐ Form 3800 **b** ☐ Form 8801 **c** ☐ Form ____	55			
56	Add lines 47 through 55. These are your **total credits**			56	
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0- ▶			57	54 00

Other Taxes

58	Self-employment tax. Attach Schedule SE	58	
59	Unreported social security and Medicare tax from: **a** ☐ Form 4137 **b** ☐ Form 8919	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 9	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57 through 62. This is your **total tax** ▶	63	54 00

Payments

If you have a qualifying child, attach Schedule EIC.

64	Federal income tax withheld from Forms W-2 and 1099	64	400 00		
65	2007 estimated tax payments and amount applied from 2006 return	65			
66a	**Earned income credit (EIC)**	66a	2681 00		
b	Nontaxable combat pay election ▶ 66b				
67	Excess social security and tier 1 RRTA tax withheld (see page 60)	67			
68	Additional child tax credit. Attach Form 8812	68			
69	Amount paid with request for extension to file (see page 60)	69			
70	Payments from: **a** ☐ Form 2439 **b** ☐ Form 4136 **c** ☐ Form 8885	70			
71	Refundable credit for prior year minimum tax from Form 8801, line 27	71			
72	Add lines 64, 65, 66a, and 67 through 71. These are your **total payments** ▶			72	3081 00

Refund

Direct deposit? See page 61 and fill in 74b, 74c, and 74d, or Form 8888.

73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you **overpaid**	73	3027 00
74a	Amount of line 73 you want **refunded to you.** If Form 8888 is attached, check here ▶ ☐	74a	3027 00
▶ b	Routing number 2 5 0 2 5 0 0 2 4 ▶ **c** Type: ☑ Checking ☐ Savings		
▶ d	Account number 2 0 2 0 2 0 6 6 1 1		
75	Amount of line 73 you want **applied to your 2008 estimated tax** ▶ 75		

Amount You Owe

76	**Amount you owe.** Subtract line 72 from line 63. For details on how to pay, see page 62 ▶	76	
77	Estimated tax penalty (see page 62) 77		

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 63)? ☐ **Yes.** Complete the following. ☐ **No**

Designee's name ▶ Phone no. ▶ ( ) Personal identification number (PIN) ▶

Sign Here

Joint return? See page 17. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number ( )
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation	

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ☐	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP code		EIN	
		Phone no. ( )	